Vesco Link Undoes Drug 'Agent'

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An undercover marcotics worker says he was forced into hiding to protect his life after telling the White House of a scheme for smuggling 100 kilograms of heroin with the reputed financial backing of indicated financier Robert L. Vesco, The Washington Post learned yesterday.

The undercover man, Frank Peroff, has told his story to investigators for the Senate Permanent Investigations Subcommittee and to a federal grand jury in New York City, informed sources said.

It was learned that Peroff backed up his story with tape recordings of telephone conversations between him and Conrad Bouchard of Montreal, purported oganizer of the smuggling scheme.

In one of the tapes, which have been subpoenaed by the office of U.S. Attorney Paul J. Curran in Manhattan, Bouchard reportedly told Peroff on July 3 that an unspecified sum of money to pay for the heroin would be coming from Vesco or Vesco's associate, Norman LeBlanc, in Costa Rica, The Post was told.

Another tape is of a phone conversation between Bouchard and Peroff on July 8, while Peroff was in the presence of a Drug Enforcement Administration (DEA) agent in San Juan, Puerto Rico.

In this converation, it was reported, Bouchard said that LeBlanc would be supplying $300,000. Of this sum, $250,000 was to pay for a purchase in Europe of heroin with a multi million dollar "street" value. The balance was to go to Peroff, who was to fly Bouchard to Costa Rica. It was to pay off claimed debts on his jet aircraft and to cover general expenses.

Vesco, now in the Bahamas, is under indictment with former Attorney General John N. Mitchell and Maurice H. Stans, chairman of the Finance Committee to Re-elect the President, on obstruction of justice and other charges. The trial is scheduled to begin in January in New York. A nephew of President Nixon, Donald A. Nixon, is an employee of Vesco.

A source in the Senate subcommittee said that Peroff's story thus far has withstood intense checking, including queries to employees of the DEA and the Bureau of Customs. Here, in brief outline, is the account he is understood to have given investigators:

Bouchard transmitted from Canada $500,000 in counterfeit American currency for Peroff, then in Rome, to dispose of through safe connections. Peroff decided instead to notify the U.S. Secret Service agent in Paris.

As a rsult of this contact, federal agents who assumed that the counterfeit money was somehow associated with narcotics traffic applied great pressure to Peroff to help them. With his aid, 25 kilograms of heroin were confiscated and eight persons were arrested Bouchard was told the currency was hidden in Chile.

Peroff then was persuaded to go to Montreal as a narcotics undercover man. This operation proved so difficult that the DEA finally moved Peroff, his wife and their five children from Rome to New York and put them up in a hotel at government expense.

Subsequently, Peroff made several trips to Montreal to cement contacts with Bouchard and Bouchard's associate, Pepe Cotroni. Peroff piloted a Lear jet, which later came to figure in the scheme. By July, the deal was on.

But after the name of Vesco came up and Peroff reported this to federal agents, they suddenly denied him further use of the plane, which they had supplied, and directed Peroff to make impossible demands on Bouchard and Cotroni so that the smuggling scheme would collapse. This plan faltered. The agents then ordered Peroff to tell the Canadians that the plane had been repossessed and that the deal had to be called off.

Fearful by now, Peroff figured that the best way to protect himself was to try to involve a federal agency other than DEA. On July 18, in a bold move, he phoned the White House and got through to one of the lawyers handling Watergate matters. Over the next three days there were about a dozen more phone conversations, all initiated by the White House, and including two with special counsel J. Fred Buzhardt.

On July 22, two New York City policemen arrested Peroff, although his address had been known only to the office of the U.S. attorney and the White House.

The basis of the arrest was a two-year-old justice of the peace warrant, which, Peroff is said to claim, arose from a misunderstanding.

Peroff was jailed for a couple of days, until he consented to go to Canada to work with the Royal Canadian Mounted Police and the FBI on a counterfeiting scheme involving Bouchard, who was arrested Nov. 4.

In a court hearing that followed, a Mounted Police constable named Peroff as an undercover man, forcing him into hiding. He and his family have not had DEA protection since he testified before the grand jury on Nov. 9.

Since Peroff went to the subcommittee staff on Oct. 1, federal agents have questioned him about what he disclosed.